



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

**CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 3007/R
2020/WINTER
AUDITING I**

Instructor: Rebecca Drummond, CPA, CFE

Office: DT1009A

Office Hours: Online or by appointment. Please contact by e-mail to set up an appointment.

Email: becky.drummond@carleton.ca

Pre-requisites & precluded Courses:

Precludes additional credit for BUSI 4007 (no longer offered).

Prerequisite(s): BUSI 2001

Course Calendar description from the 2019/2020 University calendar:

BUSI 3007 [0.5 credit]

Auditing I

Auditing theory, methodology and application.

Precludes additional credit for BUSI 4007 (no longer offered).

Prerequisite(s): BUSI 2001

Lectures three hours a week.

Course Description:

The course begins with an examination of the principles and theory which underlie the practice of auditing financial statements. In particular, concepts of management assertions, audit objectives, evidence, materiality and risk, internal control, audit planning, and reporting are examined and discussed. The course also examines auditing as a professional activity, including topics such as professional judgement, ethics, legal liability, and the responsibilities of auditors to society. Other assurance engagements are also addressed.

Learning Outcomes:

By the end of this course students will be able to:

1. Explain the audit process.
2. Assess risk and materiality.
3. Demonstrate audit procedures appropriate to a set of circumstances.
4. Evaluate the audit report.
5. Apply professional standards, including to ethical issues and legal situations.
6. Critique developments in the profession.
7. Compare financial statement audits and other assurance engagements.

Reading(s)/Textbook(s)/Required Materials:

1. Auditing: The Art and Science of Assurance Engagements, Canadian 14th edition, Pearson, Arens, Elder, Beasley, Jones
2. The CPA Canada Handbook – *Assurance* available at <http://edu.knotia.ca.proxy.library.carleton.ca/> from on-campus computers
3. The CPA Ontario Code of Professional Conduct <https://media.cpaontario.ca/stewardship-of-the-profession/pdfs/CPA-Ontario-Code-of-professional-conduct.pdf>

If you are taking the course by distance and need to have the Carleton Bookstore send you a copy of the book, you can order the book online at <https://www.bkstr.com/carletonstore/home/en>

CULearn

CULearn will be used in this course. It is critical to use this learning tool on a regular basis. We will be using CULearn as follows:

- To communicate with students on regular basis (e-mail, announcements, etc.)
- To post PowerPoint slides to support classroom activities
- To post problems or readings
- To post notes of an administrative nature or updates to the course outline, if required
- To administer online quizzes.

To access CULearn, type in the following URL: <https://www.carleton.ca/culearn/>

Course Requirements & Methods of Evaluation (including due dates):

Quizzes (2 x 5%)	10%
Mid-term Examination	25%
Group Project	
Part 1	5%
Part 2	5%
Part 3	5%
Part 4	15%
Total Group Project (Parts 1 - 4)	30%
Final Examination	<u>35%</u>
	100%

Satisfactory In-term Performance

The requirement for Satisfactory In-term Performance is set at 50% of all, not each, term work (i.e. quizzes, midterm examinations, group work, etc.). Note, however, that Satisfactory In-term Performance of 50% may not be sufficient to permit registration in advanced courses in the accounting program and may not be sufficient to be recognized by professional accrediting bodies.

Online Quizzes (2 quizzes 5 percent each)

Given the significant volume of material and number of new concepts that are introduced in this course, there are two brief quizzes scheduled. This should assist students in keeping up with the material and getting timely feedback on their progress and mastery of the material. Each quiz will be 20 minutes in length and consist of multiple choice and/or short answer questions.

Midterm Examination (25 percent)

One midterm examination is scheduled (see the detailed schedule for midterm date). Scheduling of the midterm will be done by Carleton University OnLine (CUOL). It may address any material covered to that point in the course. Requests for reconsideration of a midterm grade must be submitted in writing within 7 days of the midterm being returned to the class.

Students who miss a midterm examination and provide appropriate documentation may have the weighting of the midterm allocated to the final exam or a make up exam may be arranged.

Locations for the midterm will be announced on CuLearn about a week prior to the midterm.

Graded midterms can be collected from the CUOL Student Centre, D299 Loeb. If you do not normally come to campus, the CUOL Student Centre staff will scan and email the graded midterm to you. Please send a request for a scanned copy from your Carleton email account to cuol@carleton.ca and make sure to include your name, the course and your student number.

If you are planning on writing the midterm and final exam off campus, you must make the necessary arrangements with the CUOL office early in the term. If you miss the deadline to apply for an off-campus exam, you will be required to write your exam on campus.

Group Project (Reports 25 percent and video presentation 5 percent)

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. You have been assigned one group project in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Groups of four - five students will be formed by the instructor during the first week. Each group will prepare an analysis and “audit plan” for a public company in a distinct industry. Details of this project (due dates for various components of the project are indicated in the Detailed Course Schedule) are in the attached Appendix 1. Written reports for each component of the project are required. These are to be submitted online by the date and time indicated in the detailed course schedule. Students are reminded to always retain a hard copy of all the work they submit.

Final Examination (35 percent)

A final examination will take place during the university scheduled final exam period. The final exam is cumulative. The duration of the exam will be 3 hours.

Organization of Files in CuLearn

The online material for each week follows a standard structure. Begin with the Required Readings folder. Here you will find an outline of the requirements for the week. Lecture slides are included in their own folder. Under the Lesson folder (the icon with the linked folders you will find the learning objectives for each week, all the videos for the week, and practice questions for the week. Depending on the week, there may also be assignment submission buttons and/or additional resources.

To perform well in this course, you must spend time answering the practice questions and textbook problems and checking the answers to test your understanding. To maximize your learning, you should make an honest attempt at the question before consulting the solution. Simply reading a question and then turning to the solution right away will not help you apply your knowledge to the material.

Videos

If you encounter technical issues watching the videos, usually the solution is to try an alternative browser. If this does not work, contact support by emailing capture@carleton.ca. Please specify the course you are registered in and what specific video is causing issues.

BUSI3007
DETAILED COURSE SCHEDULE

Date	Topic	Readings	Deliverables
Week of January 6, 2020	Demand for Auditing and Other Assurance Services	Required: Chapter 1	Sign up for a Google alert for "Auditing"
	Audit Report on Financial Statements	Required: Chapter 19 <i>Reference:</i> CAS 700, 705, 706, 710 Loblaw Companies Limited audit report	
Week of January 13, 2020	The Public Accounting Profession and Audit Quality	Required: Chapter 2 <i>Reference:</i> CAS 200, 220, CSQC-1, 5021	Group Project: Company selections due by January 15 th 23:59
	Professional Ethics and Legal Liability	Required: Chapter 3 <i>Reference:</i> Handbook 5020, 9200	
Week of January 20, 2020	Audit Responsibilities and Objectives	Required: Chapter 4 <i>Reference:</i> CPA Ontario Code of Professional Conduct	Group Project Component: The Company Due Friday January 24 th , 2020 23:59
	Audit Evidence	Required: Chapter 5 <i>Reference:</i> CAS 200, 210, 250, 315, 520	
Week of January 27, 2020	Quiz 1	Chapters 1-5 and 19	Quiz 1 Any 20 consecutive minutes between January 27 th , 2020 0:00 to Saturday February 1 st , 2020 23:59
	Client Acceptance, Planning, and Materiality	Required: Chapter 6 <i>Reference:</i> CAS 210, 240, 300, 315, 550, 610, 620	
	Assessing the Risk of Material Misstatement	Required: Chapter 7 <i>Reference:</i> CAS 315, 320, 450, 500	
Week of February 3, 2020	Internal Control and COSO Framework	Required: Chapter 8 <i>Reference:</i> CAS 265, 315, 330, 402, 610, CSAE 3416, 5925	Group Project Component: The Industry Due Friday February 7 th , 2020, 23:59
	Assessing Control Risks and Designing Tests of Controls	Required: Chapter 9 <i>Reference:</i> CAS 230, 500, 501, 520, 505, 610, 620	
Week of February 10, 2020	Midterm – February 14th, 2020, 18:00	Chapters 1-9 and 19	
	Develop Risk Response: Audit Strategy and Audit Program	Required: Chapter 10 <i>Reference:</i> CAS 300, 315, 330, 520	
Week of February 17, 2020	Reading week, no class		
Week of February 24, 2020	Audit Sampling Concepts	Required: Chapter 11 <i>Reference:</i> CAS 265, 330, 500, 530	
	Audit of the Revenue Cycle	Required: Chapter 12 <i>Reference:</i> CAS 240, 505, 540	

Date	Topic	Readings	Deliverables
Week of March 2, 2020	Audit of the Acquisition and Payment Cycle	Required: Chapter 13	Group Project Component: Financial Health Due Friday March 6 th , 2020, 23:59
	Audit of the Inventory and Distribution Cycle	Required: Chapter 14 <i>Reference:</i> CAS 240, 501	
Week of March 9, 2020	Audit of the Human Resources and Payroll Cycle	Required: Chapter 15 <i>Reference:</i> CAS 402, CSAE 3416	
	Audit of the Acquisition and Repayment Cycle	Required: Chapter 16	
Week of March 16, 2020	Quiz 2	Chapters 10-16	Quiz 2 Any 20 consecutive minutes between March 16 th , 2020 0:00 to Saturday March 21 st , 2020 23:59
	Audit of Cash Balances	Required: Chapter 17	
	Completing the Audit	Required: Chapter 18 <i>Reference:</i> CAS 260, 450, 560, 570, 580, 600, 720	
Week of March 23, 2020	Audit Report on Financial Statements (re-review)	Required: Chapter 19 <i>Reference:</i> CAS 700, 705, 706, 710	
	Other Assurance and Non assurance Services	Required: Chapter 20 <i>Reference:</i> CAS 805, 810, OCS 3416, 5800, 5815, 5925, 7060, 8100, 8200, 8500, 8600, 9100, 9200, CSAE 3000, 3001	
Week of March 30, 2020	Other Assurance and Non assurance Services	Required: Chapter 20 <i>Reference:</i> CAS 805, 810, OCS 3416, 5800, 5815, 5925, 7060, 8100, 8200, 8500, 8600, 9100, 9200, CSAE 3000, 3001	Group Project Component: Audit Plan & Video Presentation Due Friday April 3 rd , 2020, 23:59
Week of April 6, 2020	Review	No new material Online office hours timing TBD	
April 13 – 25, 2020	Final Exam	To be scheduled by University. Chapters 1 - 20	

1. Additional readings may be required, in which case information pertaining to the readings will be posted on CuLearn.
2. Schedule is subject to change without notice if considered necessary by the course instructor

Appendix 1 Group Project Corporate Analysis and Audit Plan

In your groups, select a Canadian publicly traded corporation for study and have your selection approved by the professor. Each group must select a corporation from a different industry.

Obtain copies of the most recent annual report of the company you selected. These should be available at www.sedar.com. The project requires the group to consider a corporation's business environment, industry, financial health, and the audit implications of these factors. The questions presented here should guide, but not constrain, your analysis. Prepare a detailed report based on your analysis. The full report should be **no more than 20 typed, double-spaced pages in length** (see recommended lengths for each section below). A few additional pages of appropriate appendices may be included.

The Company (3-4 pages) (5%)

1. What are its primary products? What raw materials does the company use?
2. How large is the company? For example, in terms of sales, assets, employees?
3. Where is the company located?
4. Where is the company in its life cycle?
5. What other persons/companies are closely associated with the company?
6. Look at the annual report, particularly the photographs. What image does the report intend to convey?

The Industry (3-4 pages) (5%)

Obtain outside information about the company's industry. Address the following:

1. What are the key economic factors about the industry?
2. What are the key success factors, trends, and challenges for this industry?
3. How does your company compare with respect to these factors?
4. What notable accounting considerations are there for companies in this industry?
5. What particular legal or regulatory matters are of concern?
6. What social or environmental matters are of concern?

Financial Health (2-3 pages + exhibits) (5%)

Analyze the company's financial health over the last three to four years. Common size and trend analyses, as well as financial statement ratios may be helpful here.

Consider:

1. Is this a healthy company? Is it growing?
2. What financial challenges is it facing?
3. How does it compare with the rest of its industry? (see the Industry Reports available on the Bloomberg database available through the library).

Audit Plan (8-12 pages + appendices) (10%)

Based on a detailed examination of the financial statements (including key notes) and your knowledge of the company's business and its industry, and financial health prepare a preliminary audit plan. At a minimum, you should consider:

1. What inherent risk factors are there for this industry? This company?
2. What are the high-risk areas from an audit perspective? Why?
3. What are the low-risk areas from an audit perspective? Why?
4. What would you base your initial assessment of materiality on? What would your assessment be?
5. What material types of transactions and transaction cycles are involved?
6. What specific audit procedures would you consider? What would their timing be?
7. How will your audit effort be allocated among geographical areas? Among lines of business?
8. Will your audit require reliance on any experts? Which ones? What level of audit staff will be required for the audit?
9. What type of audit report was issued? Which basis of accounting and what auditing standards were used?

Group Presentation via Video Recording (5%)

Groups will present their findings via a video recording. Visit <https://carleton.ca/mpc/the-media-commons/> for available equipment and support for your video. Videos are to be limited to 10 minutes in length. Grading will be based on:

1. Quality of content covered
2. Professionalism
3. Use of time and production within time limit
4. Quality of communication (including all members speaking)

Grading

The various components of the group project report will be graded based on evaluation matrices to be provided on CULearn.

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For

more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss

grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean's approval.
 - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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